

Message Text

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12

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00

PA-02 USIA-15 PRS-01 SP-02 AID-05 COME-00 EB-07

FRB-01 TRSE-00 XMB-04 OPIC-06 CIEP-02 LAB-04 SIL-01

OMB-01 ERDA-07 CEA-01 FPC-01 H-02 INT-05 L-03 NSC-05

PM-03 SAM-01 OES-05 SS-15 STR-04 FEA-01 NRC-07 IO-10

ACDA-10 /157 W

----- 095321

R 190630Z JUN 75

FM AMCONSUL CAPE TOWN

TO SECSTATE WASHDC 4716

INFO AMEMBASSY GABORONE

AMEMBASSY LONDON

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY PRETORIA

AMEMBASSY THE HAGUE

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

UNCLAS CAPE TOWN 0678

E.O.11652:N/A

TAGS :BTIO,EMIN,ENRG,SF,BC,WZ

SUBJ :SHELL CONSIDERING MAJOR CAPITAL INVESTMENT IN
VARIED SOUTHERN AFRICA PROJECTS

1. SUMMARY. SHELL GROUP IS CONSIDERING INVESTMENT IN CAPITAL
PROJECTS FOR SOUTHERN AFRICA WHICH COULD INVOLVE EXPENDITURE OF
UP TO R500M. IN NEXT DECADE. PRINCIPAL PROJECTS PLANNED OR
UNDER STUDY INCLUDE REFINERY EXPANSION,FEEDSTOCK PREPARATION
UNIT AND RTHYLENE CRACKER FOR FEEDSTOCK PRODUCTION FOR PLASTICS,
A POLYPROPELENE PLANT, COALMINING AND SLURRY PIPELINE FOR COAL
EXPORTS, AND EXPLORATION FOR METALS. HISTORIC VALUE OF SHELL
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INVESTMENT IN AREA AMOUNTS TO SOME R250M., AND COULD RISE TO

R750M. BY END OF DECADE. END SUMMARY.

2. AT BANQUET CELEBRATING 75 YEARS IN SOUTHERN AFRICA, SHELL CHAIRMAN K.L.G. GEELING ANNOUNCED IN CAPE TOWN JUNE 17 THAT ITS LOCAL OIL INTERESTS WOULD BECOME COMPLETELY INDEPENDENT ON JUNE 26, THUS JOINING EXISTING 100 PERCENT OWNED CHEMICALS, COAL AND METAL COMPANIES IN THE ROYAL DUTCH/SHELL GROUP IN SOUTHERN AFRICA. HISTORIC VALUE OF SHELL'S ASSET INVESTMENT IN THE REPUBLIC, SOUTH WEST AFRICA, BOTSWANA, LESOTHO AND SWAZILAND ON JUNE 26 WILL STAND AT SOME R250 MILLION. BY END OF NEXT DECADE THIS COULD AMOUNT TO R750 MILLION. GEELING SAID SHELL IS NOW CONSIDERING CAPITAL PROJECTS IN AREA WHICH COULD INVOLVE EXPENDITURE OF UP TO R500 MILLION (DOLLARS 739M.) OVER NEXT TEN YEARS. PROJECTS UNDER CONSIDERATION WERE DESCRIBED IN PRESS JUNE 18 AS FOLLOWS.

3. REFINING. NORMAL CAPITAL EXPENDITURE OF SEVERAL MILLION TANDS PER YEAR ON TANKAGE, MODERNIZATION, PROTECTION OF ENVIRONMENT, AND IMPROVED CUSTOMER SERVICES WOULD BE AUGMENTED BY TWO STAGE EXPANSION OF REFINING FACILITIES AT DURBAN, WHICH ARE ALREADY BIGGEST IN AFRICA, BOTH IN CAPACITY AND CAPITAL INVESTMENT. CATALYTIC CRACKING PLANT WOULD BE IMPROVED TO PRODUCE MORE GASOLINE AND GAS-OIL FROM AVAILABLE CRUDE, AND NE COMPLEX IS BEING DESIGNED TO MAKE GAS-OIL AVAILABLE IN PLACE OF FUEL OIL, TO MEET COUNTRY'S NEEDS WITH IMPROVED FLEXIBILITY AND LESS IMPORTED CRUDE OIL. IN ADDITION, A NEW FEEDSTOCK PREPARATION ADMINISTRATION IS BUILDING FACILITIES TO EXPORT COAL IN LARGE VESSELS. SHELL GROUP HOLDS SPECIAL PROSPECTING LICENSES TO LOOK TO COAL, OIL SHALE AND RADIO ACTIVE MINERALS IN BOTSWANA AND SWAZILAND AND BEGAN EXPLORATORY WORK IN BOTH COUNTRIES IN 1974. WHEREVER FEASIBLE, COAL DEPOSITS WOULD BE DEVELOPED BY MODERN STRIP MINING METHODS WHICH WOULD INCLUDE PRESERVATION OF THE ENVIRONMENT BY RECLAMATION AND REPLANTING. AN ORDER WORTH R30 MILLION FOR DRAG LINES HAS BEEN PLACED ALREADY.

6. METALS. THROUGH ITS WHOLLY OWNED SUBSIDIARY BILLITON EXPLORATION SOUTH AFRICA, SHELL IS ACTIVELY PROSPECTING FOR BASE METALS SUCH AS ZINC, COPPER, NICKEL AND LEAD IN VARIOUS PARTS OF THE REPUBLIC. IN TIME SHELL HOPES TO EXTEND ITS UNCLASSIFIED

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ACTIVITIES INTO OTHER SECTORS OF THE METALS INDUSTRY.

7. NUCLEAR POWER. REFERRING TO SHELL'S 50 PERCENT OWNERSHIP OF GENERAL ATOMIC (DEVELOPER AND MANUFACTURER OF THE HIGH TEMPERATURE GAS COOLED REACTOR), GEELING SAID THE HTGR IS CONSIDERED PARTICULARLY SUITABLE FOR SOUTH AFRICAN CONDITIONS AND PRELIMINARY STUDIES NOW IN PROCESS WOULD LEAD TO INTRODUCTION OF THIS ADVANCED REACTOR IN THE LATE 1980S.

GAMON

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